

**COUNTY OF CENTRE
PENNSYLVANIA**

ORDINANCE NO. 2018-4

**GENERAL OBLIGATION NOTE OF 2018 FOR GUARANTEED ENERGY
SAVINGS CONTRACT AND CAPITAL PROJECTS**

AN ORDINANCE INCREASING THE INDEBTEDNESS OF CENTRE COUNTY, PENNSYLVANIA, BY THE ISSUE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$6,500,000.00 FOR THE GUARANTEED ENERGY SAVINGS CONTRACT AND CAPITAL PROJECTS; REPEALING ORDINANCE 3 OF 2018; FIXING THE FORM, NUMBER, DATE, INTEREST, AND MATURITY THEREOF; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; PROVIDING FOR THE FILING OF THE REQUIRED DOCUMENT; PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITORY FOR THE NOTE; AND AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, the indebtedness of the County of Centre, Pennsylvania, (the "County") is to be increased for the purposes of providing funding for a Guaranteed Energy Savings Contract with McClure Company for the projects identified in Exhibit "A" and several capital projects including Courthouse renovations, Sheriff Building roof repairs, and purchase of voting machines (the "Projects"); and

WHEREAS, the County previously enacted Ordinance 3 of 2018 and is by this approval repealing the same;

WHEREAS, the County has received preliminary realistic cost estimates from professional consultants indicating the maximum sum of \$6,500,000.00 will be needed to complete the Projects; and

WHEREAS, the proposed increase of debt, together with its non-electoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the local government unit debt incurring power, pursuant to constitutional and statutory authority, to be exceeded; and

WHEREAS, The Commissioners of this County have determined to issue a general obligation note, to be designated General Obligation Note of 2018 from Kish Bank, as of the date of delivery thereof, in the maximum principal amount of \$6,500,000.00 (the "Note"); and

WHEREAS, Kish Bank ("Bank") has prepared a funding offer for the Note; and such funding offer has been opened, read and considered as required by the Act.

NOW THEREFORE, BE IT ORDAINED AND ENACTED by Centre County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. That Ordinance 3 of 2018 is hereby repealed.

SECTION 2. That the aggregate maximum principal amount of the 2018 Note of Centre County, Pennsylvania, proposed to be issued is \$6,500,000.00, same to be issued for the foregoing purpose and same to be incurred as non-electoral debt.

SECTION 3. The period of useful life of the improvements for which this obligation is to be issued is estimated to be in excess of 30 years.

SECTION 4. Said indebtedness shall be evidenced by one general obligation Note, in fully registered form, in the maximum sum of \$6,500,000.00 dated and bearing interest from the earliest date of possible issue of said Note under the statutory time requirements as set forth in the Act.

The Note shall bear interest for a ten year fixed period beginning October 1, 2018, ending July 1, 2028 at a rate of 3.1% (computed on the basis of 360 days to the year) until the Note is fully paid as shown in the form of Note attached as Exhibit B. Payments of principal and interest will be due and payable in accordance with the repayment schedule set forth in the Note.

The County reserves the right to anticipate any or all installments of principal or any payment of interest at any time prior to the respective payment dates thereof, without notice or penalty.

The principal and interest of said Note shall be payable at the office of the sinking fund depository selected for the Note as hereinafter provided or as directed by the Payee.

SECTION 5. The said 2018 Note is hereby declared to be a general obligation of Centre County, Pennsylvania. The County hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts to the payment of such debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the County is hereby irrevocably pledged.

The maximum amounts which the County hereby covenants to pay in each of the following fiscal years are as set forth in the Note which is attached hereto as Exhibit B.

SECTION 6. The form of said Note shall be substantially as set forth in the attached as Exhibit B.

SECTION 7. The said Note shall be executed in the name and under the corporate seal of the County by the Chairman or Vice Chairman of the Board of Commissioners and attested to by the County Administrator. The County Administrator is hereby authorized and directed to deliver said Note to Bank, and receive payment thereof on behalf of the County. The Chairman of the Board of Commissioners and County Administrator of the County are authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act and to take other necessary action, including, if necessary or desirable, any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 8. The County appoints Kish Bank as the sinking fund depository for the obligation herein authorized ("Sinking Fund Depository"), and there is hereby created and established a Sinking Fund, to be known as Bank General Obligation Note of 2018 for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Treasurer shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the local government unit, withdraw available monies in the Sinking Fund and apply said monies to payment of principal and interest on the obligation.

SECTION 9. The Chairman and Secretary of the local government unit are hereby authorized and directed to contract with Kish Bank for its services as Sinking Fund Depository for the Note and paying agent for the same.

SECTION 10. In compliance with Section 8161 of the Act, the Board of Commissioners of Centre County have determined that a private sale by negotiation rather than public sale is in the best financial interest of the County. Therefore, the General Obligation Note of 2018 in the maximum amount of \$6,500,000.00, herein authorized to be issued and sold is hereby awarded to Bank (also "Lender" herein) in accordance with its proposal to purchase the said Note at par; provided the said Note is dated the delivery date thereof to Bank ("Lender") and is in the form set forth in this Ordinance as Exhibit B; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act.

SECTION 11. The County covenants that it will not invest or reinvest any proceeds derived from the Note, the effect of which investment would cause the Note to become obligations, the interest on which does not remain

excludable from gross income under the Internal Revenue Code of 1986, as amended.

Notwithstanding any other provisions contained herein, this County shall expend proceeds derived from the sale of the Note in the manner and at the times required under Section 103 and Sections 141 to 150, inclusive, of the Internal Revenue Code of 1986, as amended, which failure to so expend would case the Note to be an "arbitrage bond (note)", within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or to become an obligation, the interest on which does not remain excludible from gross income under the Internal Revenue Code of 1986, as amended.

This County shall timely execute and file whatever reports and documents and make such rebates as may be necessary to assure that the Note is not an "arbitrage bond (note)" and that the interest on the Note will remain excludible from gross income under the Internal Revenue Code of 1986, as amended.

Reference in this Ordinance to the Internal Revenue Code of 1986, as amended, herein shall mean and include the Internal Revenue Code of 1986, as amended and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted and at the time applicable or proposed to be applicable.

SECTION 12. The County hereby determines for purposes of the Internal Revenue Code of 1986, as amended, that the Note shall be and hereby is designated as a "qualified tax exempt obligation" to the extent the note is acquired by a "financial institution", as defined in Section 265 (b) (5) of the Internal Revenue Code, as amended, and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted and at the time applicable or proposed to be applicable.

This County hereby reasonably anticipates that the total amount of qualified tax exempt obligations (other than private activity bonds) which will be issued by it and all subordinate entities during the calendar year 2018 will not exceed \$10,000,000 within the meaning of Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended, and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted at the time applicable or proposed to be applicable.

SECTION 13. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in the *Centre Daily Times*, a newspaper of general circulation, is ratified and confirmed. The advertisement in said

paper of the enactment of the ordinance is hereby directed within fifteen (15) days following the day of final enactment.

SECTION 14. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

ENACTED AND ORDAINED as an ordinance by the County of Centre this the 17th day of September 2018.

Attest:

BOARD OF COMMISSIONERS

Maya M. Gray
Administrator

Michael Bze
Mark Higgins
Ben D

[Seal]